



# International Agricultural Trade Report

## Dairy, Livestock, & Poultry Trade Update

February 23, 1999

### U.S. Poultry and Red Meat Exports Held Steady in 1998, But Value Declined

Despite expectations that slower global economic growth would curtail demand for U.S. meat products, meat shipments managed to increase marginally in 1998. However, as markets switched to lower-valued cuts, the overall value of U.S. meat exports dropped 7 percent to \$5.5 billion. Beef and pork exports actually realized double-digit drops in per unit export values with the 20-percent decline witnessed by the pork industry generated by abundant domestic supplies.

#### 1998 U.S. Poultry and Red Meat Exports

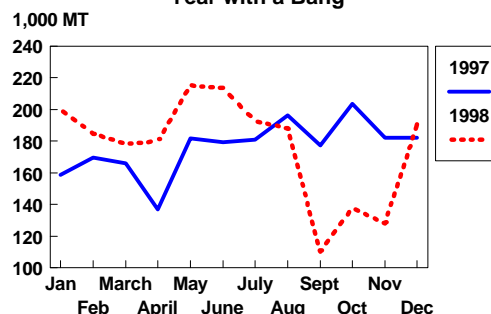
Exports 1/ of:	1997 (1,000 tons)	1998	1997 (\$Million)	1998	% Change from 1997: Volume	Value	Per Unit Export Value
Beef	692	714	\$2,497	\$2,326	3%	-7%	-10%
Pork	325	399	\$1,046	\$1,028	23%	-2%	-20%
Poultry Meat	2,585	2,537	\$2,423	\$2,175	-2%	-10%	-9%
Broilers	2,116	2,120	\$1,875	\$1,714	0%	-9%	-9%
Turkeys	275	202	\$328	\$242	-26%	-26%	0%
<b>Red Meat and Poultry</b>	<b>3,601</b>	<b>3,650</b>	<b>\$5,966</b>	<b>\$5,529</b>	<b>1%</b>	<b>-7%</b>	

1/ Product wt, doesn't include variety meats.

#### Poultry Exports End With a Bang, Not a Whimper

In a surprising show of end-of-year strength, U.S. poultry exports jumped 40 percent in December, pushing 1998 exports to 2.5 million tons, 2 percent below 1997 shipments. Pressured by low leg quarter prices, however, the total value of 1998 poultry meat exports slipped 10 percent to \$2.2 billion. A sharp recovery in December shipments to Russia (51,113 tons), combined with an additional 17,000 moving into Latvia, underpinned a 50-percent jump in monthly broiler meat exports. While overall 1998 exports to Russia were down 27 percent for the year, sliding leg quarter prices over the last half of 1998 induced stronger demand from Hong Kong, Mexico, and Japan. Combined with a 42-percent jump in shipments to smaller markets in Latin America, the Caribbean, and the Middle East, overall broiler meat exports inched past their 1997 record. The value of broiler exports did not show the same strength, down 9 percent to \$1.7 billion as leg quarter prices dropped precipitously following the Russian financial crisis. Despite strong demand from Mexico, lackluster 1998 turkey exports, down 26 percent in both volume and value, dampened the overall export performance for U.S. poultry meat.

U.S. Broilers Exports Finish the Year with a Bang



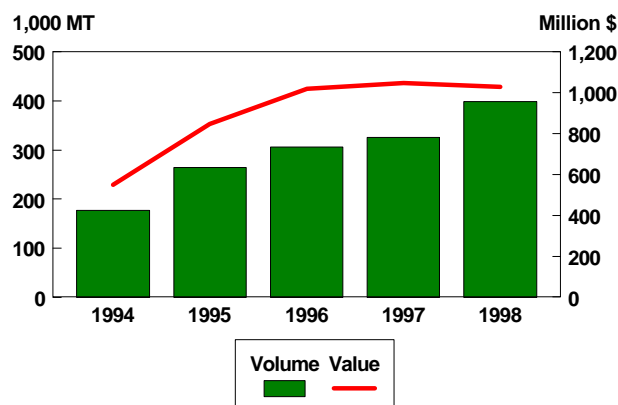
## U.S. Poultry and Red Meat Exports—continued

### Lower U.S. Pork Prices Strengthen Demand for U.S. Exports

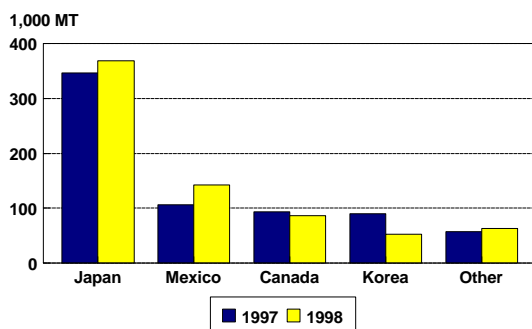
Record U.S. supplies and the lowest prices in over 30 years supported a 23-percent jump in U.S. pork exports to 399,000 tons in 1998. However, the value of pork exports dropped 2 percent to slightly more than \$1 billion. The average export unit value for pork shipments plunged to \$2,576 per ton in 1998 from \$3,218 per ton in 1997, a drop of 20 percent. Exports in 1998 surpassed the previous year's levels for five of the seven largest U.S. markets, with Canada and Korea being the exceptions. U.S. exports to Japan, the world's largest pork importer, rose 7 percent to 174,000 tons. Mexico was a strong market for the United States as exports jumped 73

percent to over 51,000 tons. U.S. pork exports to Russia in 1998 were 41 percent above 1997, although the pace of exports to this market slowed to a trickle after August 1998. Taiwan's WTO accession agreement opened that market to U.S. pork, and U.S. exports jumped 460 percent to over 13,000 tons in 1998. Canadian and Korean imports of U.S. pork in 1998 fell 5 and 8 percent, respectively. Abundant pork supplies in Canada, coupled with a weak currency, provided a disincentive to U.S. exports while weak consumer demand in Korea resulted from economic instability and lower purchasing power.

### As U.S. Pork Exports Expanded, Lower Prices Capped Value Gains



### U.S. Export Gains to Japan and Mexico Offset Losses in Other Markets



### Demand Remained Steady for U.S. Beef Exports

Demand for U.S. beef exports remained surprisingly strong in 1998, growing 3 percent to a record 714,000 tons. However, lower export prices resulted in a 7-percent reduction in export value to \$2.3 billion. The average export unit value fell from \$3,610 per tons in 1997 to \$3,257 per ton in 1998 as many importers shifted purchases to lower-valued meat cuts to offset economic difficulties. Even though Japan's economy continued to stagnate in 1998 and the U.S. dollar was stronger in mid-1998, Japanese buyers continued to purchase record quantities of U.S. beef—reaching 369,000 tons. As reflected by the reduced export value—6 percent

lower at \$1.3 billion—Japanese importers purchased fewer loin cuts and increased imports of frozen cuts such as brisket and shortplate. Shipments to Mexico jumped 34 percent to a record 142,000 tons as income growth continued to support increased beef consumption. The large increase in shipments to Mexico helped offset large losses to the Korean market, which fell 40 percent to 53,000 tons. U.S. exports to Canada declined 6 percent to 87,000 tons as large domestic supplies in Canada and the strong dollar slowed shipments.

**DLP Division Contacts:** Nancy Morgan/720-1372, Joel Greene/720-6553, Kim Svec/720-8252